UNITED
NATIONS

TD

United Nations Conference
on Trade and Development

Distr.
GENERAL

TD/B/WG.2/11/Add.4
23 February 1994

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Ad Hoc Working Group on Trade Efficiency
Third session
Geneva, 2 May 1994
Item 5 of the provisional agenda

CONSIDERATION OF GUIDELINES ON KEY SECTORS FOR TRADE EFFICIENCY: BUSINESS INFORMATION FOR TRADE

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GE.94-50747 (E)

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The International Trade Centre UNCTAD/GATT (ITC) is the focal point in the United Nations system for technical cooperation with developing countries in trade promotion. Throughout its 30 years of experience, the provision of technical assistance in the area of business information has been one of ITC's major activities.

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INTRODUCTION

1. Business information plays a key role in international marketing and competitiveness. The capacity to get the right business information to the right place at the right time and the right price, and knowing how to use it is a major factor influencing international trade efficiency - a point that is not always fully appreciated. Demand and supply conditions for business information are often imbalanced. Problems of availability, selection, access and international comparability hamper enterprises in making the best use of this information. This can be particularly damaging for newcomers to international business, to small- and medium-sized companies and, in particular, to companies in developing countries and economies in transition. Not having access to the relevant business information can be as serious an obstacle as are tariff and non-tariff barriers. After the successful conclusion of the Uruguay Round, there is thus a case for a concerted international effort to harness business information fully for making international marketing and trade more efficient. In this sense, business information represents an important element for the Special Programme for Trade Efficiency and, in particular, the creation of Trade Points.

2. The objective of the present paper is to examine, against the background of users' requirements, the availability, access, and utilization of business information for international marketing and trade, and to recommend actions as to how and by whom identified bottlenecks and deficiencies can be removed.

A. International marketing: key to competitiveness

3. The point of reference for the competitiveness of enterprises is rapidly moving from domestic to international markets. The opportunities and challenges arising from the internationalization of business activities have a polarizing effect: companies are competitive at the global level or their existence is threatened. The importance of international markets is no longer confined to larger firms and smaller countries. For millions of companies all over the world, internationalization is no longer an option: it is a condition for survival. At the macroeconomic level, outward-looking and market-oriented strategies are a precondition for economic growth and development.

4. Exports to new markets and international sourcing of inputs are the most common points of departure towards internationalization. The dynamic development of world trade bears witness to this trend: over the last few decades, world trade has continuously expanded faster than international production. For developed market economies, trade (exports and imports) is now equivalent to over one quarter of GNP. For developing countries, it is as much as one half. All projections point to further reinforcement of the world's trade orientation and, in turn, intensifying international competition.

5. Increasing competition in product markets is accompanied by the growing importance of the marketing function: production has become marketing-led in the sense that the identification of effective demand has become the first step in the business cycle. Production is increasingly determined from a marketing perspective. It is not the production process in isolation that

decides about competitiveness, but the efficiency of the entire international marketing chain from procurement of inputs to distribution of finished goods in the target market. Hence the importance of the Special Programme for Trade Efficiency. Choice and management of the marketing chain are the result of a planning process, in which business information plays a key role. This holds true for the domestic market, but is even more essential for operating in foreign markets. International marketing is the active and sustained response of enterprises to the challenge of international trade. It is a concept that encompasses both exports and imports.

6. The importance of marketing and other trade support services comes out clearly from a breakdown of value added in international trade. Parallel to the service sector's rise to account for about two thirds of the national product in developed market economies, support services contribute the larger part of value added in international trade for many products. Trade support services include information services, trade logistics, trade finance, trade insurance, product promotion and advertisement, distribution in the final market, etc.

B. Business information: essential input for international marketing

7. The development of international marketing has been closely intertwined with the rapid evolution of business information. For the purpose of this paper, business information is defined in the broad sense as all information required by enterprises for the efficient planning, execution and monitoring of international marketing. This includes not only raw data, e.g. statistics and contact data, but also market intelligence as it is available through personal contacts and from specialized trade service companies and institutions. It includes, as well, the information required by public trade promotion organizations to be passed on to the enterprise sector.

8. Business information and information technology are to a large extent responsible for the emergence of global markets. Business practices and strategies such as lead time reductions (e.g. "just-in-time") or global sourcing would simply not be feasible in the absence of comprehensive business information and software to analyse it.

9. In this sense, business information has become indispensable for the transition from a passive to an active or strategic approach towards international marketing. Business information and technology have thus become key inputs for international marketing. The utility of business information is immediately obvious: obtaining detailed insights into specific market requirements before full-scale production; identifying the most suitable foreign buyer rather than relying on casual contacts; knowing about import regulations or packaging requirements before goods are shipped; finding the most competitive source for imported inputs all have a major impact on the efficiency of international trade. There is, in fact, a whole new discipline in business science referred to as competitive intelligence, which focuses on the importance of business information for the competitiveness of enterprises. This does not imply that business information can replace the entrepreneurial dimension of international marketing. It cannot. Its contribution consists in providing the required data for informed international marketing decisions.

10. The market for business information, however, is complex and tends to suffer from a lack of transparency. This is due to a number of reasons: it is undergoing rapid technological change; it comprises a highly differentiated array of products and services; it comes in a large variety of forms, from oral advice to traditional publications and on-line databases. Suppliers of business information range from the company in-house market research unit to independent information brokers and government institutions such as trade promotion organizations or departments of statistics. In many countries, it is a regulated market in terms of reporting and confidentiality requirements and in terms of technical infrastructure (e.g. access to databases). Moreover, both the preparation and the use of business information for international marketing are highly human-capital-intensive activities. Finally, standardization of business information - which would improve availability and facilitate the exchange and comparison of business information across countries - is still only in the initial stage.

I. DEMAND AND SUPPLY IN RESPECT OF BUSINESS INFORMATION

A. Demand for business information: soldering the links in the international marketing chain

11. Assessing user requirements is the point of departure for any attempt to improve the availability of, and access to, business information (see Box 1). User requirements depend on numerous factors and may vary according to industry, type of enterprise and the phase in the international marketing cycle. Business information is the common requirement needed to ensure seamless progress through the various stages in the international marketing chain, from the decision to internationalize to product promotion in the target market.

12. Access to **general economic and business information** is a prerequisite to encourage enterprises to explore the scope for internationalization.

13. Business information plays the most important role during the phase of **market research, market selection and the preparation of an international marketing strategy**, which specifies the international marketing mix in terms of target markets, products, prices, logistics, distribution channels and promotion. During this phase, very specific information is required on product and market studies, trade statistics, prices, trade regulations, information on product specifications and standards and quality requirements, marketing channels, commercial practices, packaging requirements, etc.

14. Access to business information on trade opportunities and contact data on foreign buyers and suppliers is essential for the **acquisition of contracts** and for establishing the international marketing channel. Access to data on characteristics and credit ratings of potential partner companies, in particular their financial soundness, is equally important at this stage.

15. These first three stages in the international marketing cycle have a strategic or planning character. They cannot be carried out effectively without access to business information. Of course, these stages are not one-off exercises but require continuous monitoring and updating.

Box 1

Users' needs surveys

Assessing users' needs should be a permanent preoccupation of trade information services in order to ensure the relevance and efficiency of their information supply operations. To this end, a methodology has been designed by ITC, based on mailed questionnaires and direct contacts (see article 1990/1 in the International Trade FORUM). In 1993, ITC compared the results from six of these surveys, covering a large cross-section of developing countries and users categories.

Although it is difficult to draw general conclusions, due to the geographical and sectoral diversity of the users' groups surveyed, it was found that the following types of business information were considered as most important in nearly all cases:

- trade contacts (company information in the form of directories or databases);
- trade opportunities (communication of buyers' demands and sellers' offers);
- market information (data on market characteristics, distribution channels and competition);
- other business opportunities (for investments, joint ventures, technical and commercial cooperation);
- trade statistics (import/export data).

Users' needs analyses should encompass many other categories that are critical in certain sectors, such as commodity prices, tenders, information on trade fairs and exhibitions, development projects, trade regulations, technical standards, etc.

Product and market priorities need to be assessed in order to define appropriate orientations for market research and marketing strategies. Users should also express their preferences regarding access methods and forms of presentation for each category of information, so as to improve dissemination methods.

16. In general, the strategic or planning part of international marketing does not replace, but prepares for, the personal contact between buyers and sellers or other members of the international marketing chain. If anything, the unprecedented growth of information to often indigestible volumes

reinforces the importance of personal contacts. The strategic or planning part of international marketing invests with new importance the direct contacts that emerge as the result of a careful selection process and have an ascertained potential for a longer-term, sustainable business relationship.

17. The next two phases in the international marketing cycle are **international logistics management**, and **distribution and promotion in the target market**. Business information plays a different role during the latter two phases, which represent the implementation side of what has been planned and prepared during the first three stages. Here, business information is required mainly for monitoring and controlling the process, adapting it as necessary. Moreover, business information at these stages is often embodied in the relevant trade support services rather than being available in an unbundled or loose form as for the earlier three stages. For example, indicators on market growth for a particular product in a given country can be obtained separately and from public sources, whereas advice on the most suitable publicity campaign in the target market is generally available only in the context of a contract with an agency specialized in this field.

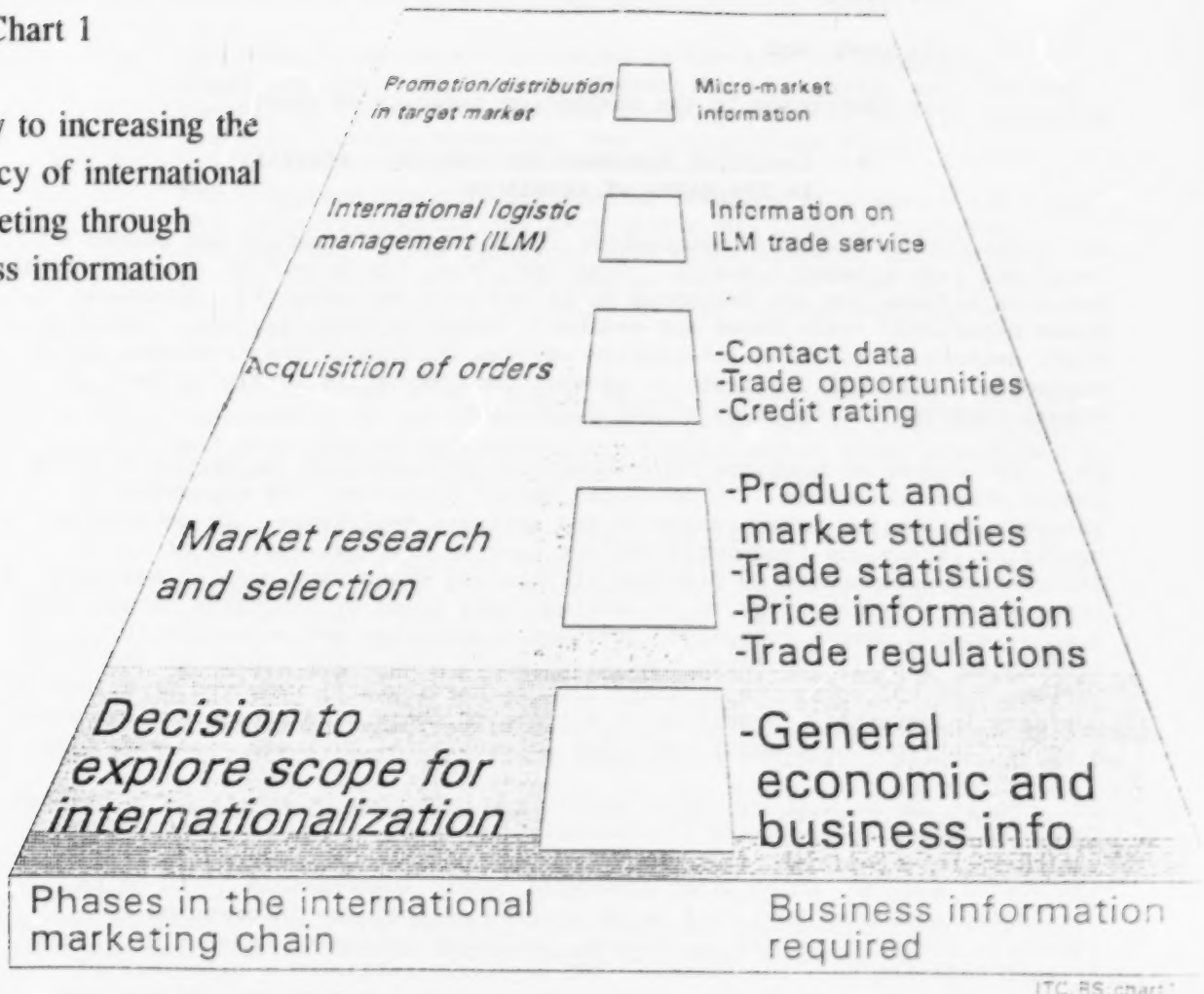
18. These five phases constitute the milestones of an enterprise's journey to success in the international marketing venture. They may be conceived of as a runway to international business development, as shown in chart 1.

19. Demand for business information and its effective utilization also depend on the absorption capacity of the enterprise embarking on the internationalization process. Becoming involved in international marketing is a continuous learning process. All the information needed may not be available, and the information available may not be usable. A first-time exporter or importer, for example, may simply not have the know-how to select the most promising market and to develop a proper international marketing strategy on the basis of available raw data. He requires business information at a higher level of analysis, e.g. tailor-made market research for his products. In fact, many manufacturers in developing countries have embarked on their internationalization process by exporting production capacity rather than products, and have delegated all international marketing activities - from product design to promotion and distribution - to foreign buyers. The same applies on the import side to those importers who have remained passive targets of marketing campaigns of foreign suppliers.

20. It follows, therefore, that while there is a distinctive demand for business information at all levels, from raw data to comprehensive international business development plans, there is also a distinctive need for upgrading the absorption capacity through appropriate human resource development, in particular in developing countries.

Chart 1

Runway to increasing the efficiency of international marketing through business information



21. The major constraints impeding a more important contribution of business information to trade efficiency are the following:

- its relevance and specificity in relation to user requirements;
- its reliability;
- its timeliness, as business information is highly perishable;
- its consistency between different sources and countries to facilitate comparison;
- its ease of technical accessibility;
- its cost; and
- its adaptation to the absorption capacity of users.

B. Supply of business information: scarcity in the midst of abundance

22. The generation and dissemination of business information has become a large and fast-growing industry. Over the 1980s, the growth of the market for business information was estimated at 14 per cent per annum for databases, trade magazines, trade shows and seminars, research services, etc. There is a tight network of business information centres throughout the developed market economies. Although difficult to assess, this market is likely to have an annual turnover in the order of US$ 50 billion.

23. The supply of business information for international marketing is quite uneven across countries. In developed market economies, the abundance of information sources makes selection and analysis key issues. In developing countries, there are frequently serious gaps in the availability of information, compounded by problems of physical access and cost of business information. Differentiation of international trade by the three categories, i.e. developed market economies, developing countries and economies in transition, clearly indicates that trade among developing countries and between them and economies in transition is particularly hampered by a lack of business information. Resolving or mitigating these supply problems can make a major contribution towards rendering international business more efficient.

24. While the bulk of published business information is available in printed form, databases are becoming increasingly important. They are particularly useful in harnessing the enormous volume of information produced by large numbers of sources, which might otherwise remain inaccessible. ITC helps developing countries to locate major sources of business information by regularly producing guides to sources, including databases network providers of such information. For example, ITC regularly publishes a directory of on-line databases and CD-ROMs, and organizes advisory missions and training programmes on the selection of relevant information sources and their cost-effective utilization (see also the Bibliography).

25. The progressive shifting by information providers from traditional printed material to electronic information might, however, hamper companies in developing countries from accessing this information due to the lack of adequate telecommunication infrastructures and EDP facilities, and the high access costs. In addition, the use of electronic information sources requires the development of specialized technical skills which might not be affordable by individuals, especially of small and medium-sized companies. Finally, language barriers may also limit the usefulness of many of these information sources.

26. The market for business information consists of different segments, in which commercial suppliers, business associations, public-sector trade promotion organizations and international organizations coexist.

- The bulk of business information is provided by commercial suppliers and in particular by specialized business services and consulting firms, the business press, commercial on-line databases, banks and trading companies, and through trade fairs.

- Many business associations such as chambers of commerce and trade and industry associations have become suppliers of business information. Close relations with their members, well-defined common interests and operations at cost rather than on a profit basis are major characteristics of this type of supplier of business information.

- At the national level, public sector institutions supply business information in two forms, namely as producers of trade and other business statistics, and through public-sector trade promotion organizations and trade commissioner services.

- At the international level, there are several intergovernmental organizations supplying business information: the United Nations Statistical Office and the International Monetary Fund produce international trade statistics. Other organizations publish a variety of economic and social data as well as market and industry studies (e.g. the World Bank, OECD, UNIDO, FAO, UNCTAD, ITC). In addition, they are involved in setting standards for international business information, in developing tools and methodologies for collecting, analysing and disseminating business information and in providing technical assistance in this field. ITC and UNCTAD's Special Programme for Trade Efficiency are cases in point.

27. Table 1 provides an overview of these different institutional types of suppliers classified by their scope of activity. These institutions all have a role to play in the Trade Points, which serve as information nodes as well as trade facilitation centres and gateways to global competition.

Table 1

Overview of suppliers of business information for international marketing

General type of supplier	Subsector
Commercial	Business information services and consulting Database providers (hosts) Business press and other media Banks Trading companies Trade fairs Suppliers of international logistics
Business associations and related entities	Chambers of commerce Industry associations Exporters and importers associations Employers associations
Government sector	Ministries (commerce, industry, agriculture, etc.) Trade promotion organizations Trade commissioner services Department of statistics Customs department
Intergovernmental organizations	1. Global: FAO, GATT, IMF, ITC, OECD, UNCTAD, UNIDO, UNSO, World Bank 2. Regional: United Nations Economic and Social Commissions, EU, PTA

28. While the predominance of commercial suppliers of business information is to be expected in market economies, it is striking that Governments in all developed market economies and practically all developing countries and countries in transition provide trade promotion services consisting largely of business information. This has hardly changed in spite of the recent privatization trend, although the effectiveness of the various public sector trade promotion services, including trade commissioner services of embassies, is not always considered optimal. On the contrary, it appears that globalization pressures have led many Governments to step up their efforts to provide business information and market intelligence to their local business community.

29. What is the case for government institutions to supply business information? There are no detailed cost-benefit analyses on this point - a gap which needs to be filled. However, as may be gathered from ITC's experience as set out in the following chapters, public-sector institutions do have a key role to play in the collection, analysis and dissemination of business information.

30. The factual role of the public sector as a supplier of trade information calls for intergovernmental bodies such as those of the United Nations family to act as forums for exchanging experiences, setting standards and drawing up conventions, etc., all with a view to increasing efficiency in international trade.

II. ACQUIRING BUSINESS INFORMATION: CONSTRAINTS AND OPPORTUNITIES

31. A brief description of the major types of business information required for international marketing is given below. In each case, issues concerning availability, access and utilization are outlined. Recommendations specific to each type of information are also given, complementing the more general recommendations made in section III of this paper.

A. General economic and business information: the eye opener

32. Internationalization is invariably triggered by the decision of enterprises to explore or reassess the scope and opportunities for more outward-looking operations. Whether or not enterprises take this decision depends, like any other innovation, on access to the right signals and information.

33. There are at least two necessary preconditions for enterprises to take a serious look at internationalization. First and foremost, internationalization has to offer the potential of long-term profits at least similar to those for activities on the domestic market. Expecting the business community to undertake an export effort when the domestic market is highly protected and offers higher rates of return is obviously unrealistic. The same applies to the choice between supplies from the domestic market and imports. In short, international price signals have to be correct.

34. Second, enterprises need to have some basic knowledge of foreign markets in order to consider diversification into exports and imports as an area for innovation. It is in this context that access to general economic and business information is important. Such information comprises, inter alia, sectoral analysis and industry reviews, reviews of product and factor markets, overviews of financial and currency markets, trends in technology, country profiles and company news.

35. Internationalization of markets implies that access to general economic and business information is important irrespective of whether producers undertake their own international marketing or rely for the marketing function on specialized firms such as trading companies or buying agencies. Even for companies operating exclusively in the local market, awareness of major trends in the global economy is becoming increasingly important.

1. Availability

36. General economic and business information is provided by the international business press and other media, banks, research institutes and a variety of other sources. Overall, the supply of information on global economic and business trends is abundant. In developing countries, a growing

number of business journals and other media are covering general economic and business information. In sum, the supply of this type of business information is not an obstacle to more efficient trade.

2. Access

37. High prices - compared to local purchasing power - represent an obstacle to access in a number of developing countries. Trade documentation centres of business associations or public trade promotion organizations may alleviate this situation. Moreover, access problems exist in some countries that restrict the circulation of selected international business papers or the diffusion of other media carrying general economic and business information, or where foreign exchange is not made available to acquire this information as needed.

3. Utilization of information

38. Most important is the change in business mentality required to move from an inward-looking to an outward-looking economy. It is this change which enables enterprises to proceed from a passive review of general economic and business information to actively seeking for business opportunities, and to advance from a knowledge of international marketing to know-how in this area.

39. Experience shows that public sector trade promotion organizations and trade and industry associations can, under certain conditions, make a contribution to this transition. All the following measures can help firms to react to international trends as identified through general economic and business information, and to place the diversification of export markets and import sources on the agenda of the business community:

- Making international trade a priority in economic development, e.g. in policy statements, development plans, etc.;

- Organizing "Think Exports" campaigns. In one of these campaigns in Costa Rica, the importance of exports was included in the syllabus of primary schools;

- Giving public recognition to leading exporters and traders through prizes and awards. This approach has been embraced by many countries, including Colombia, Ghana, Malaysia, Sri Lanka and the United Kingdom.

4. Actions recommended

40. It is recommended that Governments, trade promotion organizations and business associations:

- Encourage enterprises - and in particular newcomers to international trade and small and medium-size enterprises - to explore the scope for internationalization;

- Facilitate and promote circulation of, and access to, sources of economic and business information, which represents an important input in the transition to a more outward-looking development pattern.

B. Product and market studies: the overall picture

41. Once a decision has been taken by a company to explore the scope for internationalization and an appropriate company strategy has been developed on the basis of decisions on export/import rationale and prospects, two important steps have to be accomplished before entering into the operational phase of the foreign trade venture: the formulation of the marketing strategy and of the marketing plan.

42. It is at this stage that information plays the most critical role: in fact the decisions to be made in relation to the export marketing strategy (such as on the company's priority products for export, target markets, distribution policy, individual export approach or joint venture) and to the marketing plan (on the traditional elements of the marketing mix) require the knowledge of a wide spectrum of variables of the international trade environment. The same also applies to developing a supply strategy for imported goods. The importance of correct decisions at this stage, supported by reliable and pertinent information, is crucial. As for any decision or action, the probability of succeeding is directly proportional to the information available and the capacity to analyse and interpret this information.

43. Companies have two alternatives at this stage: to undertake their own market research (either directly or by commissioning a specialized consultancy firm to do it) or to utilize existing product and market studies. The second alternative represents a powerful tool to support the decision-making process, especially of small and medium-size enterprises that cannot avail themselves of the necessary professional skills or the adequate financial resources for carrying out their own research.

1. Availability

44. A substantial number of product and market studies are produced and made available for international distribution by trade promotion organizations, import promotion offices, chambers of commerce, trade and industry associations, international organizations (such as ITC, through its programmes of product and market development and market briefs) and commercial information providers.

45. The coverage and format vary from in-depth and detailed market surveys to short and succinct market briefs for specific products and product groups. While the amount of information material and the degree of analysis differ, the main aim of all the studies is to provide an insight into the structure and trend of the markets and information on the most appropriate and productive ways to access these.

46. The advantages of having access to market surveys are evident as they allow exporters and importers to make use of information already analysed and interpreted by specialists and thus obtain an immediate appreciation of the business opportunities offered by potential markets.

47. Nevertheless, potential exporters and importers using these studies should be aware of their limitations: they may not cover exactly the desired product(s) or market(s), they usually become rapidly obsolete, and often ignore developing countries.

2. Access

48. In view of the large number of product and market studies being published, the main problem faced by companies, especially in developing countries, is to keep abreast of their availability. In addition, the usually high cost for their acquisition can impede access to this information.

49. Various reference sources are available, in the form of printed directories and databases, both on-line and on CD-ROM. ITC maintains a specialized database, "Published Market Research - PMR", which records the studies produced by ITC itself and other cooperating organizations, most of which are available free of charge. An annual directory based on PMR is disseminated to developing countries. Among commercially published directories, FINDEX and MarketSearch can be mentioned. Databases such as Agris, PTS F&S Indexes and Trade and Industry Index give a reference to the source and indicate coverage with key-words (for countries, products and other subjects). Others provide an abstract summarizing the contents of the original publication with the main conclusions and supporting data, for instance ABI/Inform, BIS Infomat, Delphes and Predicasts Prompt. The full text of the source documents can be found in Frost & Sullivan Market Reports, Financial Times Full Text and Textline.

3. Utilization of information

50. The use of product and market studies can greatly facilitate the appreciation of market potentialities and of appropriate marketing approaches by companies interested in internationalizing their business scope. Nevertheless strategic decisions should not be based merely on these studies; each company has to develop its own marketing strategy and marketing plan by adapting the indications of the studies to its own conditions. This implies the capacity to analyse and interpret as well as additional specific research on the prospect markets, through desk research and, if necessary, field research. This brings up the fundamental problem of developing capacities at the company level for the correct selection, analysis and interpretation of data and information.

4. Actions recommended

51. It is recommended that business associations:

- Sustain the collection and dissemination of product and market studies made available internationally, and of the information

material and data necessary to enable companies to undertake their own research or to complement existing product and market studies;

- Organize training and other human resource development activities to improve skills in the use and execution of market research.

52. It is recommended that international organizations:

- Reinforce the capacity of information supply and increase the transparency of available product and market studies;

- Support human resource development activities related to market research and information management;

- Foster the preparation and exchange of supply and demand studies at regional and subregional levels.

C. Statistical data: getting the hard facts

53. Statistical data make an indispensable contribution to macroeconomic and industry-specific assessments of target markets and supplying countries. Business information can be derived, in particular, from statistics on foreign trade, production, consumption, population, income, prices, transportation, balance-of-payments and socio-economic indicators.

54. Trade statistics are a primary input for market research and in particular for market selection. They provide, at comparatively low cost, an overview of export and import values, and of quantities and trends, broken down by product and country. As the collection of foreign trade statistics has reached a high level of international standardization, the analysis of trade flows on the basis of foreign trade statistics allows a smooth shift of focus from national markets to regional groupings and world market analysis. The value of foreign trade statistics for marketing depends to a large extent on their timeliness, on how detailed the product classification is and on the skill of the user in the fairly technical task of processing and analysing trade statistics.

55. In recent years, trade statistics at the level of individual enterprises and including contact data are becoming available in a growing number of countries. This new presentation of trade data, which has been actively promoted by ITC, bridges the gap between microeconomic and macroeconomic trade flow analysis and is particularly useful for market research.

56. As far as the product classification is concerned, there is only limited comparability between trade statistics, on the one hand, and official production, consumption, investment and transport data, on the other.

1. Availability

57. The availability of merchandise trade statistics is good for most developed market economies and newly industrializing countries, although there remains room for improvement. For most of these countries, trade data by products (Harmonized System) and countries become available to the public

within six months. In contrast, for most low- and middle-income developing countries, data are not available or only with such a long delay that their usefulness is seriously affected. COMTRADE of the United Nations Statistical Office, which is the most comprehensive database on foreign trade statistics, is a case in point. About 120 out of the 160 reporting countries do not provide data within one year for the relevant period (see ITC's recent worldwide overview on the availability of foreign trade statistics). A major effort is required to improve this situation. Moreover, the availability of data on trade in services leaves much to be desired.

58. The availability of product-specific statistics on production, consumption, investment, etc. is far more limited than that of foreign trade statistics, which are a by-product of customs procedures.

2. Access

59. Access to foreign trade statistics for international marketing remains a problem, in terms of physical availability as well as in terms of cost.

60. In view of the large volume of data, trade statistics are well suited for dissemination in machine-readable form. Optical disks and on-line databases are particularly suitable. However, to date only the European Union and the United States prepare detailed - i.e. at least HS 6-digit level - foreign trade data on CD-ROM.

61. The costs of foreign trade data remain uneven and, for some series, prohibitive, in particular for traders in developing countries. One of the world's largest trading nations, for instance, charges around US$ 900 for its detailed trade statistics in published form and does not provide them on optical disk. Prices for the CD-ROM COMEXT covering trade of the European Union amount to over US$ 700 per disk. On-line access to large statistical databases such as COMEXT, COMTRADE and TRADSTAT is demanding in technical terms and associated with high costs to end-users, notably in the developing countries.

62. The growing availability of secondary sources with trade data on CD-ROM and user-friendly retrieval programmes is encouraging (e.g. UNCTAD's TRAINS and Statistics Canada data on CD-ROM). Since 1975, ITC has provided time-series in different forms (e.g. microfiche, printouts, diskettes), tailored to the needs of market researchers, with related training, and plans to produce a database on CD-ROM.

3. Utilization of information

63. The utilization of foreign trade statistics for marketing purposes is not obvious from the outset. Preliminary market selection and assessment of competing supplier countries on the basis of foreign trade statistics is a useful but cumbersome process, and analysis and interpretation require some experience. Improving this situation calls for the development of more user-friendly sources and software for foreign trade statistics and - in particular in developing countries - for increased awareness and training regarding availability and utilization of foreign trade statistics for international marketing.

4. Actions recommended

64. It is recommended that governments, trade promotion organizations and business associations:

- Ensure the availability of up-to-date trade statistics and their timely submission to the United Nations Statistical Office and other relevant bodies;

- Consider the preparation of foreign trade statistics on CD-ROM or in other machine-readable formats with user-friendly software at reasonable prices. Possibilities of providing data to trade information centres in developing countries (including Trade Points where and when they exist), at discount prices should be explored;

- Ensure reliability of data on trade volumes and quantities in their foreign trade statistics;

- Consider the preparation of enterprise-level information on the basis of customs data with due respect for national confidentiality requirements. Experience in this area has already been gained by ITC (and presented to the Working Group) by using ASYCUDA-generated data. This is expected to be pursued and expanded as the number of ASYCUDA countries and TP countries increases;

- Apply internationally compatible product nomenclatures for trade and other economic statistics (e.g. HS).

65. It is recommended that the business community:

- Fully cooperate in the provision of reliable trade data to customs authorities.

66. It is recommended that international organizations:

- Make an effort to improve the coverage (e.g. developing countries) and user-friendliness of trade statistics. This includes the dissemination of COMTRADE data according to the Harmonized System and on CD-ROM.

- Assist business associations to provide training for the various user groups of foreign trade and other statistics.

D. Price Information: the bottom line

67. An exporter or importer without price information is blind. Price information is essential because:

- it provides exporters and importers with a primary basis for determining whether or not international trading operations are economically viable, either immediately or in the longer term;

- if not immediately viable, it allows them to set specific targets and to ascertain which cost-related measures are needed to meet those targets;

- it provides them with an important indicator of the evolution in supply and demand and of key influencing factors (e.g. economic and political conditions, technological developments, etc.).

1. Availability

68. Price information is readily available on a regular basis - often daily - for most primary commodities, particularly those traded on commodity exchanges. Sources range from general business dailies and specialized publications (e.g. UNCTAD'S Monthly Commodity Price Bulletin) to teleprinter/on-line services (e.g. Reuters). ITC's Market News Service (MNS) provides price information collected directly from the trade, on a subscription basis, for a range of processed and semi-processed agricultural products as well as for pharmaceutical raw materials. ITC also provides price information on request, through its enquiry-reply service.

69. Reliable and up-to-date price information is much more difficult to obtain for manufactured goods. Here one must rely on sources such as supplier's catalogues and price lists, articles and advertisements in the trade press, specialized consumer magazines that publish surveys of competing consumer goods, and trade contacts. Published market surveys provide information on trends in markets, technologies and prices. An increasing amount of price information is extracted from these published sources and also made available through on-line databases.

70. Some governments issue regular statistics of local prices and/or price indexes for certain products, product groups or production sectors. These statistics are helpful both for monitoring trends in prices and costs, and for reference purposes (e.g. they are used in price revision clauses in contracts). The comparability of these price statistics from country to country, however, is limited by a lack of standardization.

71. A proxy for prices - unit values - can be obtained from foreign trade statistics. This information can serve for purposes of historical and trend analysis, but is of little use wherever statistical groupings do not represent a homogeneous set of goods.

72. A number of developing countries' governments employ specialized inspection agencies for price surveillance of imported goods, but this source of price information is not usually available independently.

2. Access

73. Price information must be reliable and up to date to be useful in export and import marketing. The problem for managers in many developing countries is that, in general, they receive published sources less rapidly than do their counterparts in the industrialized countries. This places them at a relative disadvantage, for example, in the negotiation process. Access to on-line price information is often hampered by inadequate telecommunications

facilities. Some services, such as ITC's MNS, are accessible by fax, electronic mail or airmail. Price information - as is often the case for many other kinds of business information - is usually quite expensive, thus limiting the ability of exporters and importers in developing countries to obtain it as needed.

3. Utilization of information

74. Price information is essential for daily commercial work but is also useful for historical and trend analysis. It must be correctly analysed and interpreted to be useful for decision-making in international trade operations. The exporter or importer must take into account:

- the underlying factors influencing prices, which can change rapidly and alter substantially the expected consequences of decisions;

- the fact that prices are linked to variations in specifications and levels of quality as well as to commercial considerations such as quantity of purchase, supplier availability/reliability, delivery schedule, the nature of the seller-buyer relationship, terms of payment, currency used and exchange risk, supplier services required, quoted commercial terms, the use of fixed vs. adjustable prices, etc.; and

- the fact that the price is only a part of the total cost of the supply chain, and that other cost factors must be considered (e.g. international logistics costs, marketing costs, operation and maintenance costs, administrative and financial costs associated with the supply process, etc.).

75. Exporters and importers must also obtain information on related factors (e.g. commercial practices, technical specifications, other cost elements) necessary to place price information in its appropriate context. In addition, it is vital for them to have the knowledge and skills as well as the methodological tools (e.g. computer-based packages) necessary for analysing, interpreting and effectively utilizing price information.

4. Actions recommended

76. It is recommended that governments, trade promotion organizations and business associations:

- Collect and disseminate up-to-date and reliable primary statistics on prices and price indexes for a selected range of products traded in local markets and/or exported/imported, using standardized product/sector classifications. They should publish this information and/or make it available through on-line databases. Trade Points can contribute to the collection and dissemination of such information.

77. It is recommended that international organizations:

- Produce a comprehensive and regularly updated directory/database of sources of price information.

- Expand price-based news services (e.g. ITC's MNS) to cover additional export and import products. Coverage should focus on the priority information requirements of developing countries and on information that is either unavailable or difficult for these countries to access.

- Identify and evaluate relevant existing software tools (e.g. for price trend analysis, cost-price calculation, price-related decision-support/expert systems, etc.), and make this information available to developing countries. Develop such software tools wherever they may be required and are either not available or not accessible to developing countries.

- Provide support to business sector institutions to design and implement training programmes in export/import management focusing on price-related issues, and to produce relevant training aids and materials. Make all of these available to appropriate institutions serving the business community in developing countries.

E. Information on trade regulations and technical standards: looking over the hurdles

78. Trade regulations are often capable of making or breaking an export/import opportunity, even though growing trade liberalization throughout the world is gradually diminishing their significance. They may include tariffs and taxes, as well as a wide range of non-tariff barriers such as quantitative limits, controls on use of foreign exchange, prior deposits, qualitative requirements and others. Technical standards may apply not only to the product itself but also to other elements such as packaging, labelling, etc. Standards are obligatory in some cases (e.g. food products, sanitary regulations, etc.), while in others they are applied on a voluntary basis by industry or required by consumer habit. Some of a country's trade regulations may apply globally, while others may pertain only to certain products or product groups, to specific partner countries or to particular manners of trading (e.g. compensation trade). In addition, trade regulations may change quickly, unexpectedly and dramatically.

79. The resulting picture for a potential exporter or importer can sometimes be quite complex. Not having access to up-to-date information on all applicable trade regulations in both countries concerned can at times mean delays, cost increases or even having to cancel a trade deal.

1. Availability

80. Information on trade regulations can be obtained from various sources. Official journals, which usually publish all relevant legislation, are a major source. However, it is virtually impossible for an individual importer or exporter to keep track of all the trade regulations issued in these journals

for all potential partner countries. In a growing number of countries, services have consequently been set up (either by official bodies or by private entities) to abstract and index these regulations - usually in the form of computer databases - in order to facilitate identifying and retrieving them as and when needed. Some of these databases are available through on-line international networks (e.g. US Code of Federal Regulations; the European Union's CELEX; Justis Eastern Europe; World Tariff; etc.)

81. A growing number of on-line databases furnish information on national, regional and international standards applying to products traded in the international marketplace.

82. Certain commercial publications (e.g. Exporters' Encyclopaedia, International Trade Reporter, Croner's Reference Book for Exporters/Importers, etc.) provide an overview of major trade policies and regulations, country by country. However, these sources are generally unlikely to give the level of detail required for specific cases (i.e. which regulations pertain in a given country to the import or export of a particular product).

83. Some specialized services exist which provide customs tariff data in published form (usually looseleaf) country by country, worldwide (e.g. World Tariff).

84. UNCTAD has created TRAINS (Trade Analysis and Information System), a computer database available on diskette (and soon on CD-ROM), which includes information on trade regulations by country and by tariff position. For its part, ITC is currently developing JURIS, a PC-supported database providing extensive text summaries in three languages of trade-related legislation from about 50 developing countries and countries in Eastern Europe. Further development of JURIS is expected in terms of country and subject coverage. Both TRAINS and JURIS involve a substantial and continued effort of data collection, much of which must be carried out by country liaison offices and correspondents, who also respond directly to enquiries. As data availability is not uniform from country to country, certain gaps inevitably exist in the coverage of these databases.

85. For most developing countries, up-to-date and precise information on trade regulations applicable to particular trade operations is often not available from a single source. It must be obtained through direct consultation with various concerned authorities (customs, ministries of trade, central banks, etc.) or through specialized legal services. In some cases, even the guidelines provided by relevant authorities are unclear or incomplete.

2. Access

86. Because of the great volume of information on trade regulations and the difficulty of collecting it quickly as and when new regulations are adopted, and because mechanisms in many countries for processing and retrieving this information to meet specific requirements are often inadequate, access is in many cases very difficult. In some cases, the reliability of the information obtained can only be tested when the actual trading operation takes place.

87. Access by many developing countries to certain national (e.g. US) or regional (e.g. European Union) on-line databases covering trade regulations is hindered because of inadequate local telecommunications facilities and high access costs.

88. Commercial representatives are often used as links to institutions in other countries providing information on trade regulations. However, due to limited resources, most developing countries have only small networks of trade representatives. This severely restricts their access to information on trade regulations.

3. Utilization of information

89. The use of information on trade regulations depends very much on the perceived reliability of the source. Whenever there is a high degree of confidence, the exporter or importer will use the information to determine whether or not regulations permit a potential trade operation to proceed. At the planning stage, this information is important in drawing up total cost estimates (e.g. to determine levels of competitiveness in a given market); it also helps in establishing which are the likely implications of the regulations on potential sales (e.g. as a result of quantitative restrictions), on the need for product adaptation (e.g. due to regulations on specifications and standards), and on the need to take account of uncertain lead times (as a result of possible delays in the bureaucratic process), etc.

4. Actions recommended

90. It is recommended that governments, trade promotion organizations and business associations:

- Ensure that a focal point exists in each country to collect, process and make available for retrieval all relevant information on the country's trade regulations, product by product, and using the standard formats referred to below.

91. It is recommended that international organizations:

- Coordinate and consolidate the efforts undertaken to date by UNCTAD and ITC to establish a system providing access to this country-generated information on trade regulations.

- Create a comprehensive and regularly updated directory/database of sources of information on trade regulations.

- Provide support to business sector institutions to design and implement training programmes in export/import management focusing on issues related to trade regulations, and produce relevant training aids and materials. Make all of these available to appropriate institutions serving the business community in developing countries.

F. Business contact information: knowing your partners

92. Business registers comprise directories and databases of business associations, importers, exporters, manufacturers, service providers, for identifying and appraising potential trade contacts at the international level. They are considered a high priority in many users' needs surveys undertaken at the enterprise level (see Box 1). In the absence of pertinent information on business opportunities, marketing services of companies have to consult available directories and databases in order to locate potential trade partners (suppliers, buyers, service providers, sources of information). The success of establishing trade contacts through this medium will depend on the accuracy and precision of the data extracted and also on the approach made to the identified partners (e.g. convincing letters, high quality catalogues and other promotional materials). Trade promotion organizations, chambers of commerce and Trade Points are playing an important role at the national level to make such information sources available at a reasonable cost and to guide users to establish beneficial trade contacts abroad.

1. Availability

93. A Directory of Company Registers was published by ITC in 1990 and will be updated in 1994; similarly the 4th edition of ITC's Directory of Databases for Trade Promotion (on-line and CD-ROM) will be issued in 1994 (see advance information in the International Trade FORUM article: "databases for market research", 4th quarter 1993). Other sourcebooks covering business contact databases are the "Gale Directory of Databases" (updated twice a year) with general coverage and detailed subject index, and the more specialized ASLIB Directory "CD-ROM and On-line Business and Company Databases" (4th edition, 1994).

94. All business registers include basic contact data (name, address, telephone, fax); however, they often vary greatly with respect to additional information, i.e.:

(a) product groups by broad categories: Yellow Pages (trade contacts in most OECD countries);

(b) product codes based on international nomenclatures, notably:

(i) Harmonized System (HS): United States Importers and Exporters, United Kingdom Importers and Exporters, CD/EXPORT (importers and exporters in France, Italy, Portugal and Spain; Germany in project)

(ii) Standard Industrial Classification (SIC): Dun & Bradstreet (European and North American companies), Business International, Hoppenstedt (Austrian, Dutch and German companies)

(iii) Universal Classification System UCS: KOMPASS (mainly manufacturers in Europe and Asia)

(iv) Autonomous codes: ABC (Belgium/Luxembourg, Netherlands);

(c) indicators on the size of the company (number of employees, turnover, sales, etc.): CERVED (Italian companies), FRIE (French Importers/Exporters), Hoppenstedt (see above), Dun & Bradstreet (see above), Thomas Register (United States firms);

(d) financial information and credit reports: Dun & Bradstreet (international coverage), Global Scan, SCRL (France), Bürgel (Germany), EUROCREDIT (Italy), ICC (United Kingdom).

95. The above examples cover large databases, established for many years in OECD countries and available through alternative media: publications, on-line databases and, more recently, CD-ROMs. Efforts to constitute similar databases in Eastern Europe (see GBI Host & Dun & Bradstreet's new database DBEE) and in developing countries (e.g. Brazil, China, Mexico, Republic of Korea, Tunisia, Uruguay) are more recent but give encouraging results. ITC has developed a standard format for company profiles, COMREG (based on HS), which has been adopted in various developing countries and is recommended for easier data exchange at the regional and international levels.

96. Sources of information vary from one register to another: customs data, questionnaire surveys, membership lists, trade registers, client files, direct contacts, etc. No source is ideal and the quality of information depends largely on the efforts of the publisher/provider to cross-check the information systematically and regularly through different sources.

97. Such an exercise has been carried out by ITC, which has produced a database of some 15,000 importers worldwide; the dissemination of this database is undertaken in cooperation with UNCTAD (included in the TRAINS package, soon available on CD-ROM).

2. Access

98. Most commonly used access media are the following:

- Published directories: these are the traditional media. The purchase prices of hard copy publications tend to increase, and many firms cannot afford to acquire large collections (e.g. ABC, KOMPASS, Thomas Register, Who owns Whom, Wer liefert Was). They thus have to consult these directories in specialized libraries. Credit reports are relatively expensive and have to be obtained on request from specialized agencies or banks, or on a subscription basis.

- On-line retrieval (over 100 company databases on DATA-STAR, DIALOG, GBI, OAS/SICE); the cost varies from US$ 0.5 to US$ 4 per simple company profile retrieved (plus telecommunication costs). In addition to on-line costs, a minimum of staff training is required to perform cost-effective on-line searches (see International Trade FORUM, "Using on-line databases in a cost-effective way", 4 October- December 1991). In view of the diversity and complexity of business registers at the international level, many enterprises prefer to rely on available information services (e.g. TPOs, CCIs, SVP) or information brokers to obtain this information on request.

- CD-ROM: they have been expanding rapidly in recent years but still remain relatively expensive, e.g. CD/EXPORT (FF 30,000 per year), United States Importers and Exporters (US$ 3,150 per year), KOMPASS Europe (UKP 2,800 per year, with printout restrictions).

- Other machine-readable media: magnetic tapes are less and less used due to capacity and compatibility problems and large databases are increasingly using CD-ROM. Small databases, notably from developing countries and economies in transition, are available on diskettes with companion retrieval software (e.g. from the Czech Republic, Hungary, Lithuania, Poland, Romania, Tunisia, Uruguay). ITC projects in Africa aim at exchanging company information at subregional and regional levels, using databases with common formats and coding systems.

3. Utilization of information

99. Possible uses of business registers include:

- Selecting potential business partners (main criteria: products, other possible criteria: location, size, credit rating);

- Organization of special trade promotion events such as buyer-seller meetings, trade fairs, trade missions and others (see Box 2);

- Mailing operations (easier with machine-readable databases);

- Compilation of data for building up specialized databases (e.g. on given product groups and/or regions): such databases are particularly useful for producing specific lists or directories for monitoring follow-up exchanges with business partners. Many companies produce their own computerized databases including their main trade contacts for prospection and actual transactions.

4. Actions recommended

100. It is recommended that trade promotion offices and business sector institutions:

- Consider the adoption of the ITC COMREG format for building up national company registers with product specifications (for easier use and exchange of company data and possible creation of regional/ interregional company databases);

- Produce national business registers in machine-readable form (e.g. diskettes, CD-ROMS) to be made available for data exchange and possible merging into larger databases (sectoral or regional registers). Existing measures protecting confidentiality should be relaxed as much as possible;

- Trade Points should adopt the ITC TPO database format to register members of national Trade Point associations (with the view to creating a central database of Trade Points members at the level of the Federation of Trade Point Associations).

101. It is recommended that providers of data services:

- Make a special effort to include in their databases those enterprises in developing countries and in other countries currently not adequately covered, particularly for credit rating purposes.

102. It is recommended that international organizations:

- Expand their activities to critically review and analyse existing business directories and databases, along the lines currently practised by organizations such as ITC, and widely disseminate the results to all interested parties.

- Continuously upgrade existing guidelines and standards for easier data exchange and expand their technical assistance and training programmes for the creation and improvement of company registers at the national and regional/subregional levels, based on appropriate technologies. This should include the development of standard software for effective database management of company data under different EDP environments (micro-computer, LAN, UNIX and others).

- Initiate and coordinate the development of pilot software based on visual technologies (electronic catalogues) for selected product groups for better illustration of product promotional materials of import/export companies and manufacturers. This should take into account the efforts in this direction being carried out for the Trade Points network.

G. Information on business opportunities: the chance is now!

103. Business opportunities include a wide range of messages from private or public enterprises looking for trade partners. These may include:

- suppliers looking for potential buyers of specific products (on a case-by-case basis or through regular representation or distribution agreements);

- institutions/companies putting out or bidding for tenders and other forms of competitive procurement;

- buyers looking for potential suppliers of specific products (on a case-by-case basis or through regular representation or distribution agreements);

- manufacturers in search of technical/commercial assistance, appropriate technologies and know-how in specific production lines (through joint ventures or other arrangements);

- companies offering technical/commercial assistance, possibly associated with import/distribution agreements (through joint ventures or other arrangements).

104. As can be seen, business opportunities rank as top priority in most surveys of users' needs undertaken at the enterprise level. The establishment of contacts between potential business partners leads to the exchange of valuable information on product adequacy, market acceptability, necessary marketing efforts, competitors' performance, price level, and other "trade intelligence" which cannot be obtained, in many cases, through other sources. Business opportunities, if correctly used, not only lead to trial orders or more important commercial transactions but also can open up new longer-term trade prospects. In the case of transfer of technology and know-how, the competitive position of an enterprise can be substantially improved.

1. Availability

105. The establishment of successful business contacts is more difficult than it may seem to be. Potential business partners are often very specialized and quite demanding in terms of product specifications and commercial requirements. Information on business opportunities has to be precise, sufficiently explicit and up-to-date and should be channelled rapidly to a maximum of matching partners.

106. A number of services specialized in the circulation of business opportunities are available, with different modes of data communication and modalities of information access. In order to be effective, these services must meet the following conditions:

- Be able to reach a "critical mass", i.e. a large turnover of messages making for a reasonable probability of "product match". Given the large number of products concerned (as an indication the Harmonized System contains 6,000 items) and the rapid obsolescence of these messages (after a few days or at best a few months), these services have to make constant efforts to maintain a large number of business opportunities (30,000 messages was indicated as a minimum by one of these services);

- Provide a fair balance between offers and demands: by experience, suppliers are more anxious to find buyers than vice versa; the proportion between suppliers and buyers often exceeds 1 to 10 in such services. Special incentives or active promotional campaigns have to be initiated to raise interest among potential importers, especially in the context of economic recession where importers are already overwhelmed by direct offers and are often not keen to take additional commercial risks with new suppliers;

- Be able to control the accuracy and reliability of messages obtained from various categories of enterprises, notably small firms or intermediary services, around the world. A distinction is to be made between "open systems" (without control on input and output sides), "closed systems" (fully controlled on input and output sides) and intermediate systems with partial control. Each

scenario has its advantages and disadvantages: complete openness facilitates the accumulation of large volumes of data but may lead to "data pollution" by unreliable trade partners; on the other hand, closed systems secure better data quality but excessive control may be counter-productive and dissuasive. Partial control would, in many cases, secure optimal results if data control focuses on the input side while output messages are openly exposed to potential trade partners;

107. The investment required to operate such a service should not be underestimated; effective data processing and communication systems have to be developed and many tasks of data collection, verification, codification, input and output have to be carried out by qualified staff; the price of input and output messages should however remain low in order to attract a maximum of potential users who are often reluctant to pay for fixed subscriptions and prefer to test the service on a case-by-case basis. The accounting system of such complex operations may become, in itself, relatively costly.

108. A survey of services specialized in trade opportunities, initiated by ITC in 1993, provides a comparative analysis of the main services available internationally (operational or in the process of development), notably: BC-NET and BRE (EU projects, opening to other countries), BOW and BUSINESS (on-line databases), ETO (pilot data communication system between Trade Points), TIPS (UNDP project aimed originally at the transfer of technologies and business opportunities between developing countries), WTC (data communication system between World Trade Centres).

109. At the international level, UNIDO plays a role in the exchange of information on business opportunities, notably in the area of technology transfer (INTIB data bank). Import promotion offices in various industrialized countries offer valuable services to developing countries in establishing trade contacts in their respective country/region. ITC also assists developing countries in this line at the international level within its technical cooperation projects and services of information dissemination.

110. Regarding tenders and industrial projects, a few on-line databases provide such information in a systematic way, notably TED (EU tenders), SCAN-A-BID (procurement notices from World Bank, regional development banks and UNDP, published by UN Development Business), IBOS (World Bank projects), and OAS (tenders and business opportunities worldwide); apart from these sources, there is a multitude of specialized publications (e.g. official journals but also commercial press agencies) that provide such information; their complexity, time constraints and possible translation problems impose great difficulties, particularly for SMEs wnich have to form export consortia in order to bid for international tenders.

Box 2

Business information and buyer-seller meetings: an efficient way to increase south-south trade

The south-south marketing environment is particularly affected by the lack of a supply of business information. In addition, there is a distinctive need to upgrade the absorption capacity of the enterprises in developing countries in the utilization of whatever little information may be available.

It has been ITC's experience over the last decade that one effective tool for addressing both issues is the systematic undertaking of supply and demand surveys and the dissemination of the information generated by those surveys at so-called buyer-seller meetings. These meetings first and foremost serve the purpose of promoting business negotiations and transactions through direct personal contacts between importers and exporters. As these meetings focus on one product group at a time, they also provide an opportunity for the easy identification of existing obstacles to trade expansion and for proposing follow-up action.

The success of these meetings depends, of course, on the "matching" qualities of the participants. The supply and demand surveys are therefore important means of ensuring that the most relevant enterprises are selected and attend the meetings. The surveys are also discussed in detail during the meetings, providing an excellent starting point for negotiations between potential business partners.

The buyer-seller meetings are usually organized in one of the "supply" countries, which gives potential buyers an opportunity to visit manufacturing facilities and obtain firsthand information on all aspects of the production process. Potential suppliers from other participating countries are encouraged to bring samples of the product concerned to the meeting together with information on their own product specifications.

The programme of a buyer-seller meeting consists of three parts: a general overview of the trading practices in the product group concerned based on the supply and demand surveys, individual consultations between participants, and formulation of proposals for follow-up action.

The general presentations include a review of the various trade-related subjects such as transport, insurance and banking. New initiatives in these areas frequently originate from the trade expansion opportunities discussed in the meeting.

The individual consultations between enterprises located in different countries of the region are scheduled on the basis of the specific interests expressed by the participants. Such consultations are the first step in the negotiation process, not only for trading transactions but also for establishing joint ventures, concluding licensing agreements and arranging other forms of cooperation.

The evaluation of the meeting gives an account of the results obtained and leads to the formulation of recommendations for further action. Follow-up activities frequently consist of study tours and marketing missions to importing countries. In some cases the need for further product and market development work at the enterprise level is identified. In most instances the meeting throws light on specific bottlenecks that can be removed only through government action. But as the participants discuss only one product group, recommendations to governments can be very specific, facilitating the necessary government follow-up.

Buyer-seller meetings for the African region in 1993 covered the publishing and printing industry, and medical supplies and hospital equipment. It is estimated that the various meetings organized by ITC in that developing region alone have generated several billion US dollars' worth of new intra-African trade over the last decade.

111. There are many information services operating at the national level, i.e. searching for international contacts of interest to national companies. The role of overseas trade representation offices, trade promotion organizations, chambers of commerce and Trade Points is particularly important. These "information relays" offer valuable complementary services such as a supply of market information, control of the validity of information and reliability of trade partners (including in various cases credit rating), and guidance on transportation, insurance, marketing and legal issues. As an example, the Hong Kong Trade Development Corporation handles over 100,000 overseas trade opportunities per year, largely collected by its overseas trade offices and disseminated selectively to local firms; it also publishes high quality catalogues on given product groups with a view to raising the interest of potential foreign buyers.

112. Some services are limited to specific product groups. In this case, the critical mass can be reached more rapidly and potential business partners can expect a higher level of precision in specifying the relevant product(s). ITC has launched over recent years several projects for Business Opportunities Information Services (BOIS) covering selected product sectors: agricultural machinery, automotive parts, ecotechnologies, and silk products, involving suppliers from developing countries and importers worldwide, in cooperation with relevant business organizations.

2. Access

113. Access is possible in different, often complementary, ways:

- On-line retrieval: BC-NET (through national advisers), BOW (through commercial host GBI), BUSINESS (through commercial host DATA-STAR), OAS/SICE (own host), TED (through commercial hosts DATA-STAR and ECHO)

- Electronic mail and bulletin board: ETO, WTC

- Specialized bulletins (by sectors): TIPS

- Newsletters and other periodicals: many chambers of commerce, TPOs, trade associations (see TPO Directory), as well as specialized publishers.

114. Each mode presents specific access limitations: connection difficulties from various countries and high telecommunication costs in the case of electronic transmissions (also requiring special skills), high cost of tender documents and subscriptions to press agencies, and timeliness problems as regards hard copy publications (bulletins, newsletters).

3. Utilization of information

115. Once obtained, information on business opportunities requires a series of actions leading to successful trade contacts:

- Sellers have to approach potential buyers with attractive offers (the precision and quality of catalogues plays an important role)

and verify the seriousness and creditworthiness of their trade partners (through banks and services specializing in credit rating);

- Buyers have to assess the capacity of potential suppliers to meet quantities, specifications and deadlines;

- Potential partners of technical/commercial agreements and joint ventures have to exchange extensive additional information on different aspects of possible cooperation, including acquisition/installation of new equipment, staff training, market sharing or joint distribution, exchange of goods, services and know-how, financial arrangements, legal aspects;

- Bidders for tenders and other procurement notices have to obtain the detailed documentation before submitting their offer, observing given deadlines.

116. In these activities, time constraints are often stringent and results depend on the skills of negotiators and advisers (engineers, marketing and financial specialists, lawyers, etc.). Information services within chambers of commerce, TPOs, Trade Points and information brokers have to provide in many cases "value added services" in the form of consultancies and special investigations.

4. Actions recommended

117. It is recommended that governments, trade promotion organizations and business associations:

- Make special efforts to ensure that the necessary telecommunication infrastructure is in place to access, at reasonable cost, on-line databases on business opportunities.

118. It is recommended that trade promotion offices and business sector institutions:

- Adopt international standards and coding systems to facilitate data exchange on business opportunities at the international level;

- Link up to international networks and make greater use of advanced data communication systems (electronic mail and bulletin board);

- Organize training events and advisory services on how to obtain and utilize information on international business opportunities.

119. It is recommended that international organizations:

- Expand their activities to critically survey, test and analyse existing business information services, along the lines currently practised by ITC, and disseminate widely the results to all interested parties;

- Offer training programmes to trade promotion offices, business sector institutions and individual enterprises on the optimal use of existing networks and services;

- Actively pursue the ETO initiative for data communication between trade points with possible interlinkages with other networks/services;

- Design guidelines and standards for easier data exchange of business opportunities, taking into account EDIFACT standards;

- Initiate and coordinate the development of a pilot system based on multi-media technologies (product specifications associated with images) for selected product groups, allowing for the exchange of information on business opportunities through alternative channels (E-mail with images, CD-ROMs).

III. CONCLUSIONS AND RECOMMENDATIONS

120. From the enterprise perspective, exclusion from business information represents an effective break in each of the phases of international marketing and business development. It impedes the integration of enterprises into world trade. Being cut off from business information exacerbates the structural deficits in the areas of finance, technology and infrastructure suffered by many developing countries and economies in transition. Exclusion from business information tends to concentrate the benefits of globalization on a small minority of leading enterprises and countries.

121. Yet exclusion is by no means inevitable. The following recommendations show that there are many points of departure towards increasing transparency and efficiency of international marketing through business information. They summarize the recurrent themes that have emerged from the above review of business information and how it can contribute towards increasing the efficiency of international marketing. The concluding recommendations are presented in terms of (a) guidelines for increasing the efficiency of international marketing through business information, (b) the institutional framework for improving business information, and (c) the resource gap for technical cooperation. The application of the following recommendations, taken together, would make a major contribution to increase the efficiency of international trade.

A. Guidelines for increasing the efficiency of international marketing through business information

122. The absence of even basic business information on many developing countries and economies in transition is in stark contrast with the abundance of business information on developed market economies. The production of business information by public and private sector institutions in developing countries and economies in transition has often been hampered by a lack of financial and human resources as well as by a failure to appreciate the value of this information. Non-availability of business information leads to sub-optimal business strategies. It tends to exclude firms from developing

countries and economies in transition from international business activities, and in particular creates obstacles to trade among such countries.

Recommendations: all suppliers of business information should make a special effort to improve the timely preparation of business information on developing countries and economies in transition, in particular in the area of company information (contact data, credit ratings and business opportunities), trade regulations and statistics.

123. The dissemination of already available business information by public and private sector institutions in many developing countries and economies in transition has often been poor. It has often happened that the public-good character and external benefits of business information have not been sufficiently recognized by governments with the result that such information has not been made available to the business sector. Frequently, user-unfriendly data formats render information retrieval cumbersome and costly.

Recommendations: producers of business information, such as departments of statistics, customs departments, ministries of trade, central banks, etc., should ensure effective dissemination of their data to meet the requirements of the local and international business community and the interested public. Whenever possible, they should take advantage of modern information technology to provide their data in machine-readable form such as CD-ROM and on-line databases, and pay particular attention to user-friendly formats.

124. The price of business information is largely determined by the production cost and demand in developed market economies, which are the major producers and users of this information. This renders business information very expensive in relation to locally available inputs in developing countries and economies in transition and often implies an effective exclusion from direct access to this important input.

Recommendations: users of business information need to create cooperative structures with a view to obtaining access to business information at advantageous prices (collective subscriptions, pooling of database interrogations, etc.). Similarly, suppliers of business information, possibly in collaboration with national and international trade promotion institutions, should explore possibilities of offering preferential prices to users from developing countries and economies in transition as well as accepting payment in local currencies. Business associations and national and international trade promotion organizations should contribute to reducing the cost of business information by drawing the attention of users to particularly cost-efficient sources (preparation of annotated guides to sources) through bulk orders, collective subscriptions, etc. Governments should make foreign exchange freely available for the purchase of business information.

125. There is an acute shortage of expertise in developing countries and economies in transition on how to make the best use of business information in

terms of the selection of the most appropriate sources, cost-effective access, and action-oriented analysis and interpretation. This tends to exacerbate the problem of exclusion.

Recommendations: training capacities for more effective use of business information have to be upgraded in developing countries and economies in transition. This should include the strengthening of local training institutions (training of trainers) as well as specialized training assistance to trade promotion institutions, business associations and the enterprise sector.

126. Access to business information is further complicated through inadequate postal, telecommunications and related services in many developing countries and economies in transition.

Recommendations: the telecommunications infrastructure - from telephone lines to packet switching networks - needs to be improved in many developing countries and economies in transition to permit effective access to business information sources. Trade Points have an important role to play by testing and using available telecommunications facilities, such as Internet, for cost-effective data communication.

127. The weakness of business information centres of the public sector and business associations in developing countries and economies in transition often prevents them from being effective intermediaries of business information.

Recommendations: public and private business information centres should strengthen their capacity as intermediaries and interpreters of business information required in particular by small and medium-size enterprises. This implies adaptation to the absorption capacity of users (for instance through analysis, help desks, etc) and a better presence in provincial areas.

128. Compilation and analysis of business information from different sources is complicated by the use of different data formats, nomenclatures and coding systems by information producers.

Recommendations: additional efforts should be made by national and international organizations to increase awareness among producers and users on existing standards and coding systems (e.g. EDIFACT for data interchange, COMREG for company registers, HS for product classification), and to provide guidance and training on how to use these effectively. Suppliers and users of business information should ensure that these guidelines are applied, and should be involved in the further development of such standards.

B. Institutional framework for improving business information

129. Commercial suppliers, business associations, the government sector and intergovernmental organizations all have an important contribution to make in line with their respective strengths and limitations. The recommendations developed in section II concern each of the four major types of suppliers.

130. **Commercial suppliers of business information** - including commercial publishers of company data, on-line databases, the business press, information brokers and consulting companies, trading companies and banks, etc. - provide the vast majority of business information.

Recommendation: commercial suppliers of business information should seek to improve the coverage of their business information on developing countries and economies in transition. They should explore possibilities of meeting the growing demand for business information from users in developing countries and economies in transition at advantageous prices and in user-friendly formats.

131. **Business associations**, such as chambers of commerce and trade and industry associations, have the advantage of being particularly close to their member companies and tend to have special credibility with the business sector.

Recommendations: business associations should be aware of the important contribution that they can make towards increasing the efficiency of international marketing through business information. In line with their specific mandates and resources, they should collect, analyse and disseminate basic business information such as contact data, sector-specific statistics, etc. Moreover, they should assist their members in learning how to apply business information effectively for international marketing. In view of their strength in selective dissemination, business associations should consider participating in international business information networks of a regional nature (e.g. PTA Tinet) or global nature (e.g. Trade Points). They should ensure that their services are available not only to the well-established firms but also to small and medium-size enterprises and newcomers in international trade.

132. **Government sector institutions** are key players in ensuring efficient availability, access and utilization of business information. Due to the special characteristics of the market for business information, the role of government is complex and demanding. It encompasses, among others, the economic policy framework for commercial producers, telecommunications infrastructure and the production and dissemination of selected types of business information.

Recommendations: Government institutions should be aware of the importance of business information for economic development. As a prerequisite for ensuring an efficient supply of business information, governments should ensure a non-discriminatory and conducive policy framework for commercial suppliers of business information. This applies in particular to countries in which government institutions do not have the necessary resources and expertise to take a more active role.

Government institutions should recognize their important role as the source of selected types of business information. Departments of statistics and customs departments should provide timely foreign trade data and other statistical information. Information on tariffs and other

trade regulations should be provided by the relevant authorities. All information should be supplied in user-friendly formats oriented towards the needs of the business community.

Governments have a particular responsibility to disseminate in an opportune and transparent manner information on international business opportunities created as a result of their procurement activities (e.g. tenders).

The government sector should facilitate the provision of business information and related support services to the business community at large, and to SMEs and newcomers to international trade in particular, through trade promotion organizations and trade commissioner services. International experience on the conditions of success for running efficient business information centres and services should be taken into account. Close coordination with the final users and the business sector in general should be institutionalized in order to avoid credibility gaps.

Governments are encouraged to designate a national focal point responsible for coordinating and advancing the complex tasks of government institutions in relation to business information.

133. **Intergovernmental organizations** - including international and regional organizations - complement the role of national institutions involved in business information. Their comparative advantage is related to their close working relations with a large number of national governments, their ability to monitor international experiences in the generation and dissemination of business information, and the absence of commercial and national interests. They have a contribution to make by setting standards, as suppliers of international business information and as providers of technical assistance.

Recommendations: Organizations involved in the preparation of statistics should make an effort to improve the coverage and timeliness of foreign trade and other business statistics, in particular as far as developing countries and economies in transition are concerned. They should review their pricing policies with a view to minimizing the exclusion of users in developing countries and economies in transition.

Regional and international organizations should strengthen and extend existing business information networks in line with user requirements.

They should provide overviews of available business information sources and services with the objective of facilitating the choice between different sources and services and acting as clearing houses for different experiences in the generation, collection and dissemination of business information.

In line with their respective mandates, they should step up their technical cooperation efforts with a view to enhancing the availability, access to and efficient use of business information in developing countries and economies in transition. Efforts should concentrate in

particular on lower-income countries, industries the development of which can make a contribution to employment generation and poverty eradication, and small and medium-size enterprises.

ITC should step up its efforts to prepare sector-specific Business Information Surveys on the global availability of the various types of business information such as business contacts, trade regulations, statistics, etc. These Surveys should serve two major purposes: they should be of immediate use to the business community in developing countries and economies in transition, and they should help in identifying priority areas for technical assistance at the interregional level.

In addition, country-specific Business Information Reviews should be carried out by ITC in close collaboration with UNCTAD, national focal points on business information and other organizations concerned, with a view to increasing the effectiveness of assistance and the coordination among various national and international institutions in the area of business information. Parallel to the objective of GATT's Trade Policy Reviews to achieve "greater transparency in, and understanding of, the trade policies and practices of contracting parties", the country-specific Business Information Reviews should take stock of how business information can increase its contribution to trade efficiency and identify priority areas for improvements and technical assistance. These country-specific Business Information Reviews could be integrated into possible Trade Efficiency Reviews, which would encompass all six elements of UNCTAD's Special Programme for Trade Efficiency (banking, business information, customs, telecommunications, trade facilitation and transport) in developing countries and economies in transition.

134. **Trade Points** offer an institutional framework in which many of the above recommendations can be demonstrated or applied.

Recommendations: as gateways to global competition, Trade Points should contribute to encouraging companies to explore the scope for internationalization. For SMEs and newcomers to international trade, the variety of sources of business information is often associated with a lack of transparency and calls for user-friendly points of interface between users and suppliers of business information. In this context, Trade Points have an important role to play as information nodes. By networking institutions, individuals and their information systems, Trade Points should enhance effective collection and dissemination of business information.

135. Implementing the above recommendations hinges upon a major resource mobilization effort at the level of enterprises, governments and intergovernmental organizations.

C. Resource gap for technical cooperation

136. Some of the above recommendations can be implemented without any additional resources. Harnessing business information for more efficient international marketing is, to some extent, a question of organization within

the framework of existing resources of enterprises, business associations, government institutions and intergovernmental organizations. At the same time, however, the implementation of a number of the above recommendations depends on the availability of additional resources.

137. This applies, among others, to most of the recommendations concerning technical cooperation activities provided by international organizations in the area of business information. The comparison between recommendations and resources available clearly reveals a significant resource gap. Additional resources will be indispensable to provide the indicated technical assistance in the areas of increased transparency of sources of information; training in the effective generation, collection, analysis, dissemination and utilization of business information; the extension of existing business information networks of particular interest to enterprises in developing countries and economies in transition, etc.

138. While the demand for technical assistance from developing countries and economies in transition has rapidly increased in the area of business information, resources for technical cooperation in this area have declined drastically in the first half of the 1990s. Resources available for ITC's activities in developing countries and economies in transition in the area of business information, for instance, averaged at approximately US$ 10 million per annum in the early 1990s. This compares with an annual budget of some US$ 20 million for the German public sector supplier of foreign trade information (Bundesstelle für Aussenhandelsinformation) alone! It is obvious, that, as far as the ITC is concerned, resources would need to be increased. Special priority should be given to the preparation - and follow-up - of the sector-specific Business Information Surveys and the country-specific Business Information Reviews. A budget of as little as US$ 1 million would permit the preparation of about one Business Information Survey and five country-specific Business Information Reviews per year.

139. As far as results are concerned, there is a substantial body of evidence that technical assistance in the area of business information and related trade promotion services can generate significant new trade and income. The following rough calculation, based on conservative assumptions, may serve as an illustration. Assuming that business information for enterprises in developing countries and economies in transition can raise export earnings and reduce import expenditures by at least 3 per cent and that the above recommendations concerning technical assistance raise the effectiveness of using business information by at least another 3 per cent, the proposed programme would increase the foreign exchange earnings of developing countries and economies in transition by at least US$ 2 billion.

140. This simple calculation highlights the resource gap for financing technical assistance to improve the contribution of business information to trade efficiency, and hence strengthen the trade performance of developing countries and economies in transition. Stepped-up efforts to increase financial resources from traditional donors and the development of new forms of funding - including the financial participation of beneficiaries - are urgently required to narrow the widening gap between requirements and availability of resources to implement the above recommendations.

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